

to create appropriate investment incentives, spur innovation, and compel continuing price reductions.

Nonetheless, the path set forth in the *NPRM*, consisting of rigid structural separation requirements coupled with expansive new unbundling, resale, and collocation obligations for the ILEC, leads away from the Commission's and Congress's goals. The hyper-separation requirements would prevent the advanced services affiliate from achieving efficiencies that are available to all of its competitors and increase its costs, preventing it from competing effectively against rivals that are not similarly constrained. The radical unbundling and resale proposals would deter investment by both the ILEC and its competitors by forcing the ILEC to sell its competitors, at artificially low prices, equipment and services that are readily available in the marketplace. And, several of the collocation proposals threaten network integrity and security.

In Section I.D of these Comments, GTE presented an alternative approach, the National Advanced Services Plan, that assures nondiscriminatory treatment of the advanced service affiliate while preserving the opportunity for true competition. Under GTE's approach, an advanced services affiliate structured in accordance with the longstanding *Fifth Report and Order* safeguards (as codified in § 64.1903 of the Commission's rules) would be deemed non-incumbent and non-dominant. Those safeguards address all legitimate competitive issues more efficiently and less intrusively than the proposed framework set forth in the *NPRM*. GTE also recommends adoption of targeted modifications to the collocation and unbundling rules in order to alleviate

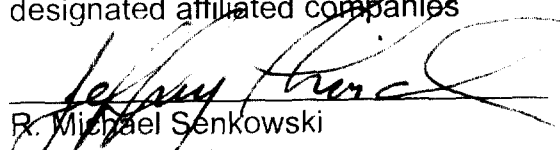
any residual (and unfounded, in GTE's view) concerns that an ILEC could impede access to necessary facilities.

GTE respectfully submits that adoption of these recommendations would advance Congress's goals in enacting § 706 of the 1996 Act while remaining true to the deregulatory imperative underlying that statute. By enabling market forces rather than regulatory protectionism to determine which companies succeed, GTE's approach will foster innovation, compel all providers of advanced services to operate as efficiently as possible, and thereby maximize benefits for consumers.

Respectfully submitted,

GTE SERVICE CORPORATION and its  
designated affiliated companies

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Its Attorneys

September 25, 1998

## **APPENDIX 1**

# **How to Work Within the New Telecommunications Environment**

A guidebook for  
GTE employees  
on the new rules  
governing our  
organization, and  
how to position  
GTE to win in  
the marketplace  
by putting  
customers first.

**GTE**



Dear Teammates:

The telecommunications industry has undergone remarkable and historic changes — in both technology and regulatory arenas. GTE has anticipated and responded to these changes in thousands of ways.

One of our key challenges was to align our company's organizational structure with the external realities we face. As a result, we created several new business units that allow us maximum flexibility to meet the challenges ahead.

Now that we have positioned our organization to win, we all need to understand how to work within this new structure to achieve success. To meet that goal, enclosed is a booklet that outlines and formalizes the new "ground rules" governing our company, and how we can continue to help customers understand the many changes in our industry.

**Because understanding this material is critical to our success, I ask that each of you take the time to review this booklet, and sign and return the enclosed certificate of completion.**

In addition to the new legal and regulatory guidelines we face, there is another rule to keep at the forefront of all this change. And that's the golden rule — putting customer needs first. Do everything you can to ensure that the customer is the ultimate winner in the new telecommunications marketplace, and in the process, you'll help GTE win too.

Thank you for taking the time to learn more about GTE's business direction and the rules in which we must operate.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom", written in dark ink.

Thomas W. White  
Senior Executive Vice President  
Market Operations

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This booklet will help employees understand the legal and ethical guidelines on how to work in a new competitive telecommunications environment.

Employees who have questions should contact their local management, the Regulatory department or call the GTE employee communications hot-line at 1-800-GTEXTRA (1-800-483-9872), or send an e-mail to T.News.

The telecommunications industry is undergoing tremendous change. Rapid advances in technology, a new and evolving regulatory environment and a growing list of competitors make this industry one of the fastest growing and most exciting in the world.

To capture the growth associated with these historic changes, GTE has taken a number of steps. We entered the market for long distance, Internet and video services, and now have one of the broadest product lines in the industry. We began offering those products on a single bill that can even include wireless service in many markets. And we also made the necessary organizational changes to ensure GTE maintains maximum flexibility going forward.

Earlier this year, GTE remodeled Telephone Operations (Telops) and built three new business units. These are:

- GTE Network Services
- GTE Communications Corporation
- Business Development and Integration

Here is a brief overview of these three units:

#### **GTE Network Services:**

This unit is sometimes referred to as GTE's Incumbent Local Exchange Carrier, or ILEC.

Like the former Telops, Network Services manages GTE's extensive local telephone network, and retains marketing, sales and service responsibilities for carrier, business and residential customers. This unit will continue to serve the more than 13 million residential and business customers of GTE within its wireline services territories.

Because of the dominant ILEC carrier status of GTE, Network Services in-franchise, this group has a broad obligation to open up its network for competitive companies entering into the local market. As a consequence of these carriers entering into GTE local markets, one rapidly growing component of Network Services is the local wholesale business. This occurs when a Competitive Local Exchange Carrier (also known as a CLEC, including GTE Communications Corporation) contracts with GTE to provide the facilities or services necessary to offer local phone service. This wholesale business is fast becoming a critical part of GTE Network Services' overall revenue potential.

Employees of GTE Network Services may handle the installation, maintenance and repair for many of the retail customers of these new CLECs. They may perform work at a customer's premise even if the customer has signed up with another carrier as their retail supplier. In fact, an employee may not be aware whether the customer is a retail or wholesale customer of GTE. It's critical to give all customers excellent service to preserve and enhance the GTE brand image at every opportunity.

**GTE Communications Corporation:**

GTE's Competitive Local Exchange Carrier or CLEC will enable GTE to do two things: compete on a level playing field with the many companies that are entering the local business as CLECs without regards to franchise boundaries, and to become a national provider of a broad range of telecom and data services. GTE Communications is comprised of other entities including calling card services, video operations and long distance operations. The discussion that appears in this section applies primarily to its Competitive Local Exchange Carrier unit.

GTE Communications will target residential and business customers who are "communications intensive" -- without regard to current franchise boundaries.

It will operate as a stand-alone unit, with its own consumer and business sales channels and customer service. They will work through the local exchange companies, including GTE Network Services, to ensure that repair and installation requests are handled promptly.

Because this unit is classified as a "non-dominant local exchange carrier" under regulatory rules, it can respond to market opportunities with greater flexibility and speed. For example, it can package services based on customer demand and adjust prices more quickly to meet changes in the marketplace.

It also can purchase products and services from other carriers at wholesale prices, and can develop and market unique services without being required to offer those services to competitors at government-mandated discounted prices.

**GTE Business Development and Integration:**

The purpose of this unit is to help GTE get the most marketplace impact from each GTE business unit.

This will be accomplished by viewing the primary resource needs of GTE's business across wireline, wireless and data -- from systems development to capital allocation -- and finding the optimum solutions to address those needs. This group is responsible for many staff functions so GTE doesn't have to duplicate efforts, and we can save expense.

This unit's role also includes reviewing each GTE strategic business units' overall market strategies and responses to the competitive offerings it is facing to ensure the market potential of that strategic business unit is maximized and that it is consistent with its business plan -- with a goal of ensuring that both the customer and GTE are best served by the resulting response.

In addition to market response, market strategy for each of GTE's national businesses will be reviewed by this unit. This unit also will handle budgeting, financial reporting, infrastructure management, information technology, regulatory, diversity, marketing and management and industry financials of all of the business units in GTE's national operations.



## II. FIVE GUIDING PRINCIPLES

There are several legal and regulatory rules in place for how GTE's Incumbent Local Exchange Carrier and Competitive Local Exchange Carrier should operate and interact with each other.

For GTE, there are five guiding principles that apply to the relationship between GTE Network Services and GTE Communications Corporation.

Other affiliates under the GTE family of companies should be aware of these rules to ensure they do not inadvertently violate them through their dealings with GTE Communications and GTE Network Services. This is especially true for groups that support multiple business units, such as the Business Development and Integration organization and GTE Service Corp.

The following pages outline the principles guiding GTE's new organization. It's critical that all employees of GTE understand and adhere to these rules.

#### Principle #1

**GTE Network Services and GTE Communications Corporation must be operated as two separate companies, and all dealings between the two companies will be at arm's length.**

- Each entity will make independent business decisions that are based on maximizing the market performance of that specific business unit.
- Unless covered by a separate legal agreement, GTE Communications Corporation conducts customer-affecting business with GTE Network Services only via account representatives in Network Services Wholesale Markets organization — like any other interexchange carrier or competitive local exchange carrier.
- GTE Communications Corporation cannot use GTE Network Services resources (e.g. back office support services) that are not also available to other parties.

#### Examples for how this applies day-to-day:

Facilities for GTE Network Services and GTE Communications Corporation must be physically separated. For instance, although the two companies can be in the same building, they need to be on separate floors with controlled access entrances and exits, and all appropriate signage.

GTE Network Services and GTE Communications employees can jointly attend meetings and training of a general nature, such as a diversity training class. However, at no time can employees exchange customer-specific information. In addition, they cannot jointly attend meetings which include discussions on the following topics: network planning, marketing plans, technology development and proprietary system development.

Assets will not be transferred between GTE Network Services and GTE Communications Corporation. For example, employees who leave their jobs in Network Services to accept offers in GTE Communications cannot take their computers with them.

## Principle #2

**GTE Network Services cannot discriminate in favor of GTE Communications Corporation or any other competitive local exchange carrier.**

- GTE Network Services must interact with GTE Communications Corporation in the same way it does with any other unaffiliated competitive local exchange carrier (CLEC) or interexchange carrier.
- Network services are only obtained from GTE Network Services pursuant to a tariff or executed interconnection agreement.
- GTE Network Services wholesale business must be neutral in its dealing with all competitors.

**Examples for how this applies day-to-day:**

- Rule of thumb: If GTE Network Services performs a telecommunications service for GTE Communications, it must be prepared to do so at a comparable price, for any other competitive local exchange carrier if requested.
- GTE Network Services must announce network modifications to all carriers in a fair and equal manner (as outlined by the FCC) and cannot give GTE Communications Corporation advance notice of these changes.
- GTE Network Services cannot show favoritism to GTE Communications Corporation in planning future services.  
(See Principle #1 on what topics cannot be discussed across units.)

## Principle #3

**Customer proprietary network information (CPNI) cannot be shared between entities without written customer consent.**

- GTE Network Services employees that are hired by GTE Communications Corporation cannot take with them any GTE Network Services information or material of any kind.
- GTE Communications Corporation must earn its customers through independent marketing and cannot take advantage of GTE Network Services' market position.

**Examples for how this applies day-to-day:**

- Customer proprietary information that cannot be shared without customer consent includes what products and services a customer buys, as well as a customer's calling pattern.

For customers with a non-published phone number, their names and phone numbers also are considered proprietary.

Information that can be shared between business units includes the minutes of use or other traffic pattern reports at an aggregate level from a Central Office. But that information then must also be made available to all carriers. Although from a regulatory standpoint this information can be shared, the decision to do so will be made on a case-by-case basis with review by Business Policy and Regulatory.

## THE FIVE GUIDING PRINCIPLES

### Principle #4

**The competitive local exchange carrier division of GTE Communications Corporation cannot joint market with GTE Network Services.**

- Marketing, sales and customer contact must be completely separate for GTE Communications local exchange operations. GTE Network Services will deal with GTE Communications Corporation on the same terms and conditions as with any other competitive local exchange carrier. Note however the long distance, video and card services division can joint market their services with Network Services in most states, pursuant to contractual agreements.
- Marketing/business plans may not be shared between GTE Network Services and GTE Communications Corporation. Market research undertaken by GTE Network Services cannot be shared between entities.
- GTE Communications Corporation will be using the GTE brand name. However, it will at all times prominently display its specific entity name: GTE Communications Corporation.

#### Examples for how this applies day-to-day:

"Prominently display" means that GTE Communications must use the accepted corporate identity standards on its marketing material. It not only will help preserve the integrity of the brand; it will also help customers better understand the different GTE businesses.

— The appropriate brand identity for the two units are:



GTE COMMUNICATIONS CORPORATION



GTE NETWORK SERVICES

## THE FIVE GUIDING PRINCIPLES

### Principle #5

**Both GTE Network Services and GTE Communications Corporation must maintain separate core competencies for the provision of telecommunications services, marketing and sales.**

- GTE Communications Corporation cannot receive the benefit of GTE Network Services' market position in any respect.
- GTE Communications Corporation will hire employees using a hiring process that will examine all qualified candidates.

#### Examples for how this applies day-to-day:

- Reports or studies performed while employed by GTE Network Services cannot be transferred to GTE Communications, nor can employees joining the new unit take with them any material considered intellectual property of GTE Network Services.

GTE Network Services employees may compete for positions in GTE Communications, given supervisory release, but they will be considered along with qualified external candidates.

Employees who move from GTE Network Services to GTE Communications are still part of the GTE team, and should be treated with respect, professionalism and common courtesy.

### III. THE GOLDEN RULE

While following the regulatory rules will keep GTE out of trouble, there is only one rule that can truly help us succeed, and that's the "golden rule."

This rule serves as an operating philosophy underlying all the changes occurring in the company, and in the marketplace. It's also the easiest to remember, because it begins and ends with the customer.

Our strategy is simple and straightforward, and can be stated as such:

We must maintain an unwavering focus on what's right for the customer, rather than what's wrong with a competitor. This means that:

- As a company, we will not engage in negative advertising, promotion, sales tactics or public discussions targeted at tearing down competitors or their products. Rather, we will promote the value of GTE products, employees and service performance.
- We will not engage in any behavior which impedes or interferes with a competitor's marketing, sales or service provisioning. Instead, we will rely on the quality of our own marketing, sales and service provisioning to convince customers that we are the preferred communications choice.
- We will hold ourselves to the highest level of ethical conduct and will not engage in destructive, deceitful or underhanded conduct.

This isn't just good business practice; it's also what our customers have told us they want. Research confirms that customers are weary of seeing competitors snipe at each other in ads and through direct contacts. They value a company that understands and is sensitive to their needs, and has the right products and competitive prices to back that up.

GTE is strongly positioned to win on this platform, and needs all its employees to exhibit this philosophy in all interactions with internal and external audiences, day-in and day-out.

Supporting this operating philosophy and all our marketing efforts are three simple letters: G T E. In order to win, we must preserve and enhance our brand name, and avoid any behavior that detracts from our overall image. This even applies internally. All employees of GTE share the brand, and, at the end of the day, after making your best competitive response, what matters is not which unit a customer signs up with, as long as he signs up with GTE.

On the following pages are some guidelines for how to discuss these changes in the industry with customers and in everyday interactions.

With all the changes in the telecommunications environment, consumers may become confused. GTE's goal is to provide the education and day-to-day assistance necessary to minimize or eliminate customer confusion.

It's quite possible that once GTE Communications begins marketing to customers in franchise, GTE Network Services employees may be asked by customers, "What should I do?" This question could come from a neighbor, a relative or a community contact, and may include questions about other providers, such as AT&T or even a regional Bell operating company.

**This is a moment of truth.** Below are thoughts to keep in mind when this occurs, and apply regardless of which unit of GTE you work for.

- **Remain customer focused.** Our primary goal should be to eliminate customer confusion. If your actions take that into account, you can be assured you are doing the right thing.

Note that detailed rules have been developed for employees working in in-bound contact centers taking orders or fulfilling other customer service requests. Those rules must be followed during working hours.

- **Always take the high-road.** Never disparage any other company or carrier.
- **Enhance and preserve the integrity** of the GTE brand. Don't paint one unit of GTE as better than the other. Highlight why they are different, bridging back to customer needs.
- GTE Network Services employees on the job cannot advocate GTE Communications over another CLEC.
- GTE Network Services employees cannot promote or attempt to sell customers GTE Communications goods and services.
- Use this as an opportunity for customer education.  
(See talking points on next page.)

#### Customer Education Talking Points:

GTE employees should educate consumers about the changes in the industry. They should explain that GTE Network Services intends to be a vigorous competitor in both the retail and wholesale markets.

It should be explained that the telecommunications industry is opening up to many new players as a result of the Telecommunications Act of 1996. Even GTE has created a new unit to serve the marketplace, called GTE Communications Corporation. It can further be explained that this new company is a separate business unit that offers a wide range of telecommunications services geared especially toward high users of multiple services, and is able to operate outside the traditional service areas of GTE Network Services.

In general, help consumers understand the many choices now available in the marketplace, and that they should consider the following factors in making their choices:

- Does the offer match the consumer's calling needs?
- Have all up-front or minimum charges been identified?
- Will quality service be provided?
- Is it clear who to call for questions or for repairs?
- How will billing be handled?
- Remind customers to comparison shop and avoid accepting the numerous competitive offers of reduced rates on face value. In many instances, competitors compare their "discounted" rates to GTE Network Services highest tariffed rates, and customers may be unaware of discounts available through GTE Network Services local calling plans.

Keep the conversation focused on a customer's needs and avoid at all times jabs at other carriers.

**Help GTE become known as a company that puts the customer first by helping to minimize customer frustration and confusion.**

V. CERTIFICATE OF REVIEW



To be completed by all employees, removed from booklet and returned via intra-company mail to:

**Regulatory Compliance**  
**HQE01H25**  
**P.O. Box 152092**  
**Irving, Texas 75015-2092**

The undersigned hereby

- (1) acknowledges receipt of a copy of the "How to Work Within the New Telecommunications Environment" booklet setting forth company policy regarding compliance with the Rules of Engagement,
- (2) represents that the undersigned has read such provisions, and
- (3) understands that non-compliance with such policy will result in appropriate disciplinary measures determined by GTE and which may include dismissal.

V. CERTIFICATE OF REVIEW

Date

Signature

SOCIAL SECURITY NUMBER

PRINTED OR TYPED NAME

PRINTED OR TYPED TITLE

PRINTED OR TYPED COMPANY NAME

MAIL CODE

PRINTED OR OR TYPED WORK PHONE NUMBER

PRINTED OR TYPED COMPANY ADDRESS

## APPENDIX 2

State of Texas  
County of Dallas, ss:

**AFFIDAVIT OF GARY L. SPARKS**

Gary L. Sparks, being duly sworn, deposes and states as follows:

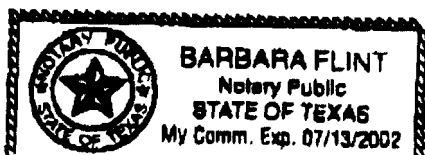
1. My name is Gary L. Sparks. I am of legal age and a resident of Tarrant County, Texas. I have personal knowledge of the matters set forth herein.
2. I am an Operations Development Manager for GTE Network Services. My business address is 700 Hidden Ridge, Irving, Texas. My principal duties and responsibilities include architecture planning for all GTE strategic business units.
3. I have read the technical discussions set forth in sections IV.C & D of GTE's Comments filed today in response to the Commission's Notice of Proposed Rulemaking ("NPRM") *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Services* (CC Docket No. 98-147, et. al.). The statements contained therein are truth and correct to the best of my knowledge and belief.

I declare under penalty of perjury under the laws of the United States and the State of Texas that the foregoing is true and correct.

  
\_\_\_\_\_  
Gary L. Sparks

Subscribed and sworn to  
before me on this 25<sup>th</sup> day  
of September, 1998 at  
Irving, Dallas County, Texas.

My Commission Expires:



  
\_\_\_\_\_  
Notary Public

## **APPENDIX 3**

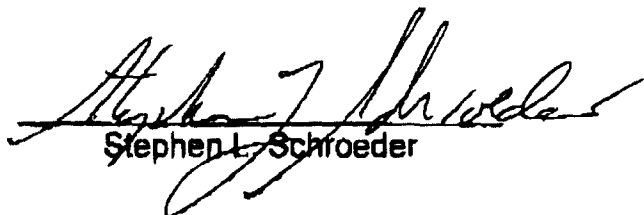
State of Texas  
County of Dallas, ss:

**AFFIDAVIT OF STEPHEN L. SCHROEDER**

Stephen L. Schroder, having been duly sworn, deposes and states as follows:

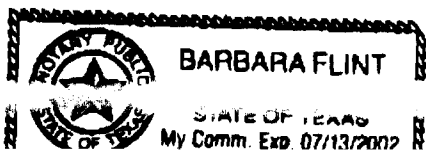
1. My name is Stephen L. Schroeder. I am of legal age and a resident of Denton County, Texas. I have personal knowledge of the matters set forth herein.
2. I am a Senior Planning Manager for GTE Network Services. My business address is 545 E. John Carpenter Frwy, Irving, Texas. My principal duties and responsibilities include serving on GTE's policy team dealing with Open Market Transition issues, and providing support to GTE's Region Infrastructure Organization on issues related to loop access and IOF transport
3. I have read the technical discussion set forth in section IV.G of GTE's Comments filed today in response to the Commission's Notice of Proposed Rulemaking ("NPRM") *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Services* (CC Docket No. 98-147, et. al.). The statements contained therein are truth and correct to the best of my knowledge and belief.

I declare under penalty of perjury under the laws of the United States and the State of Texas that the foregoing is true and correct.

  
Stephen L. Schroeder

Subscribed and sworn to  
before me on this 25<sup>th</sup> day  
of September, 1998 at  
Irving, Dallas County, Texas.

My Commission Expires:



  
Notary Public

CERTIFICATE OF SERVICE

I hereby certify that on this 25<sup>th</sup> day of September, 1998, I caused copies of the foregoing Comments to GTE to be delivered by hand delivery to the following:

Janice Myles (diskette only)  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

Internal Transcription Service Inc. (hard copy & diskette)  
1231 20<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

  
Vera Allen